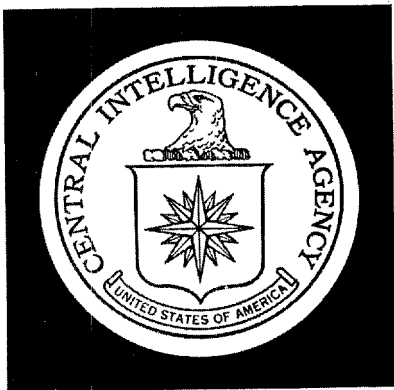


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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(Information as of noon EDT, 1 June 1967)

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PERUVIAN POLITICAL CRISIS AVERTED

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Political tensions have been calmed at least temporarily by the government's acceptance of opposition proposals for dealing with the country's financial crisis.

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FAR EAST

The long-heralded Communist "summer campaign" in South Vietnam may be imminent. [REDACTED]

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[REDACTED] Mortar attacks on 29 May against US and South Vietnamese installations in Hue may have signaled the opening phase. In northern Quang Tri Province, the Communists are believed to have the capability of throwing up to three divisions into an offensive against allied forces. The Communists are also continuing to build up their forces in the central highlands region of South Vietnam.

The Hong Kong Government appears to have won the first round in the confrontation precipitated by pro-Communist forces. Firm government measures have largely restored order in the colony, although token strikes are continuing in an apparent effort to keep agitation alive while Peking considers its future course of action. Chinese Communist propaganda pressure against the British has diminished somewhat. There is no indication, however, that Peking has decided to abandon the confrontation. The Chinese continue to demand acceptance of their mid-May demands but are portraying the contest as a protracted struggle which will not be quickly resolved.

There have been no major developments in China's internal struggle. Accounts of continuing widespread violence and conflicting editorials and party directives appear to reflect confusion and disagreement among the leaders in Peking. [REDACTED]

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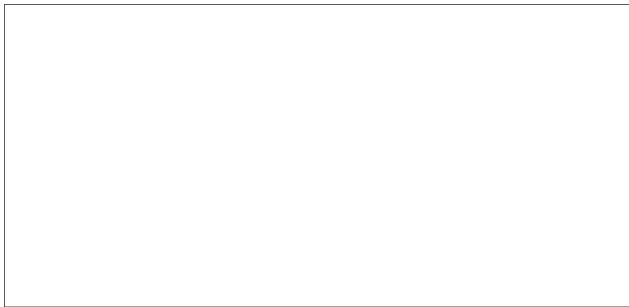
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VIETNAM

There are continuing indications that Communist forces are preparing to launch major coordinated operations in much of South Vietnam in the near future. Allied operations, however, appear in some cases to have at least temporarily disrupted the Communists' timetable for a summer offensive.



In northern I Corps, North Vietnamese forces are continuing to reinforce and consolidate positions in and near the Demilitarized Zone (DMZ), along the Laotian border, and in the A Shau Valley. It is not yet possible to determine to what extent the over-all enemy capability has been affected by recent allied ground operations in the southeastern portion of the DMZ and the accompanying air effort north of the zone. These actions, however, have probably reduced the threat of imminent large-scale ground and artillery attack against US Marine positions in northeastern Quang Tri Province. The North Vietnamese forces in this area lost nearly 800 killed in the US Marine/South Vietnamese

operations conducted there from 17 to 28 May. However, the enemy is still believed capable of attacking across the entire DMZ with as many as three full infantry divisions.

In addition, multiregimental entities (one in western Quang Tri Province and another in northeastern Thua Thien Province belonging to the Communists' Northern Front) are capable of supporting a coordinated offensive thrust in these two provinces. The Northern Front concentration poses a particularly serious threat to isolated allied targets between Quang Tri city and Hue as well as to these provincial capitals themselves.

In the central coastal regions of I and II Corps, US Army Operations PERSHING and MALHEUR inflicted losses in excess of 2,000 killed on elements of both the Second and Third North Vietnamese Army divisions in the past several months. This probably has been primarily responsible for delaying a major offensive in this area.

In the central highlands the Communists' "B-3 Front" command is capable of attacking allied positions in Pleiku and Kontum provinces with one division plus two regiments. Major elements of the 32nd, 66th, 88th, and 95 "B" North Vietnamese regiments are presently in western Pleiku, reportedly with the mission of

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attacking Duc Co and Plei Me Special Forces camps and ambushing allied relief forces.

[redacted]
Communist forces in up to divisional strength may be moving from the Laos panhandle into the central highland provinces of South Vietnam to augment and provide replacements for divisional size forces already there.

Saigon Politics

The early optimism among Premier Ky's supporters regarding his prospects for the presidency has diminished in recent weeks. Former Premier Tran Van Huong's firm entry into the race last week has quashed rumors, at least for the time being, that he might align himself on a Ky ticket. There are some reports, nonetheless, that Ky and Huong privately have reached an "understanding" concerning the future premiership in the event either of them wins the election.

The continuing vacillation of Chief of State Thieu about entering the presidential race is still complicating the political picture, and especially the role which the military can play in the contest. Although Thieu

gives every indication that he will run, he appears no closer than ever to an official announcement. While he continues to assess the political scene, and in particular, the US attitude toward present and prospective candidates, Thieu has reportedly acquired the support of Foreign Minister Tran Van Do for his own candidacy. Ky, who previously indicated that he might withdraw if Thieu entered the contest, now has told newsmen that he is in the race to stay.

Despite the potentially divisive consequences of a contest between the two military leaders for the presidency, the military establishment has not yet shown signs of strain. Much of the credit for easing the tension is due to the efforts of Bui Diem, the ambassador to the US who recently returned on leave to help Ky form a political organization. Diem has effectively counseled both Ky and Police Director Loan to exercise patience while at the same time he has been able to communicate with Thieu.

At this stage, a four-way race by Ky, Thieu, Huong, and Phan Khac Suu, the head of the Constituent Assembly, is a distinct possibility. A month remains to file applications, however. The initiative to alter the balance of power probably now rests more with General Thieu than with the others.

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COMMUNIST-LED UNREST EASES IN HONG KONG

Firm measures by the Hong Kong Government against Communist-led agitators have largely restored order to the colony. Peking, however, is maintaining its propaganda pressure on the British although at a reduced level.

Local Communists are continuing token strikes in government-run utilities in an effort to keep agitation alive. The Communists are also trying to expand their support by intimidating non-Communist laborers and have staged partially successful strikes in the textile industry.

British authorities are taking stringent measures to curb the strikes. One official has stated that government employees are subject to summary dismissal if an unauthorized work stoppage exceeds 24 hours. The British helicopter assault ship Bulwark,

carrying commandos, arrived in the colony last week to demonstrate London's firm support for the colonial government.

On 27 May Chinese Foreign Minister Chen Yi again called for immediate and unconditional British acceptance of Peking's demands of 15 May and warned that China "would not sit idly by" if alleged atrocities against the Hong Kong population continued. However, Peking also has referred to the struggle against the British as having gone on for more than a century, suggesting that no quick resolution is contemplated. An authoritative Peoples's Daily article on 29 May accusing the British of "gunboat diplomacy" for bringing the Bulwark and other naval ships into Hong Kong omitted any mention of the demands. [REDACTED]

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DISORDER CONTINUES IN COMMUNIST CHINA

Violent clashes and disorder involving Red Guards continue to be reported from many parts of China, but the over-all situation remains obscure.

New provinces where bloody clashes reportedly have broken out in the past week are Kwangsi

in the south and Chekiang in the east. In both provinces, according to Red Guard wall posters displayed in Peking, local army troops have joined forces with anti-Maoist elements to suppress revolutionary forces. The same charge is made in current poster accounts of bloody incidents

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which have allegedly recurred in Honan Province in the north for the past six weeks.

Many of the poster reports charging economic dislocation appear intended for political propaganda, however. A Red Guard poster in Peking on 27 May warned that railway Red Guards in Honan would strike if the army continued to ignore demands to back them against allegedly anti-Maoist authorities in the province. On 30 May the Honan provincial radio station retaliated by charging that the railroad had been "sabotaged" three days earlier by "conservative" forces critical of the army.

Peking continues to display a marked ambivalence on Red Guards' activity. A Red Guard newspaper on 24 May reported that the central committee that day had issued a seven-point instruction which ordered Red Guard media not to publicize accounts of speeches and events of party concern without prior approval. Other Peking pronouncements, however, indicate that important party leadership elements in Peking are pushing for an even more vigorous purge of high officials, both in Peking and the provinces.

An editorial in Red Flag and People's Daily on 16 May went so

far as to praise Stalin's elimination of Trotsky, Bukharin, and many other leaders. Stalin had erred, the editorial stated, only in supposing that the revolution had been finally settled by the liquidation of these men.

This editorial and a similarly vitriolic one of 8 May--which slashed out again at Liu Shao-chi's book How To Be a Good Communist--have been widely publicized as guides for conducting the Cultural Revolution, that is, for carrying out the purge of Mao's enemies.

The identity of Mao's enemies is no clearer than it has been, however, probably indicating that current leaders in Peking are still in disagreement over who should be purged. For example, wall posters put up in Peking on 19 May denounced by name a deputy commander of the Heilungkiang Military District in the far northeast for ordering his troops to fire on Red Guards who were holding a rally. On 25 May, however, People's Daily seemingly went out of its way to endorse this controversial military officer. It published an article attributed to him, commemorating the 25th anniversary of a famous speech on art and literature by Mao Tse-tung.

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GOVERNMENT PARTY FAVORED IN SOUTH KOREAN ELECTIONS

President Pak Chong-hui's Democratic Republican Party (DRP) is expected to retain control of South Korea's National Assembly in the elections on 8 June, but with a reduced majority. The same factors which helped Pak gain a solid victory in the presidential election in April--notably the country's growing prosperity and the regime's effective electioneering--will also benefit the party's candidates in the legislative elections.

The psychological advantage gained by Pak's victory has been partially offset, however, by the public furor generated by the arrest of three minor opposition figures for their statements during the campaign. The impression of government heavy-handedness was strengthened when the cabinet changed the rules for the assembly election campaign to permit top government officials to participate. All this could cost the party some seats in addition to those that party strategists already believe might be lost as the result of local issues. Kim Chong-pil, Pak's close political adviser, has estimated that the party could lose as many as ten of the 112 seats it presently holds in the unicameral 175-seat legislature.

The electoral system which provides that 44 of the 175 seats must be apportioned according to each party's total vote will help the party retain control. The win-

ning party is assured a minimum of 22 of these seats. The second party is guaranteed at least two thirds of those remaining.

A new party majority is likely to be more responsive to presidential control than the old one was. The list of party candidates is consistent with Pak's policy of maintaining a balance among the party factions and appears designed to minimize the infighting that aggravated relations between the regime and the outgoing assembly.

The leading opposition group, the New Democratic Party (NDP) also stands to benefit from the electoral system, which is designed to favor an essentially two-party legislature. The NDP, however, is handicapped by a plethora of candidates from other opposition parties in some districts which it might otherwise expect to win.

Although the NDP's position as the second party appears assured, there is likely to be a considerable turnover among its individual candidates. Factional loyalties dictated that antiregime intransigents be given an almost equal place on the ticket with more moderate elements. Thus, there could be a return to the obstructionist tactics used by the opposition prior to 1965 when many of the hard liners resigned from the assembly.

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SIHANOUK ATTACKS CAMBODIAN LEFT

Chief of State Sihanouk is waging a new campaign against leftist influence in Cambodia. The apparent scope and intensity of his effort go far beyond any of his attacks on the left in recent years.

Last year, when sharp leftist losses in National Assembly elections and the installation of the rightist Lon Nol government precipitated a series of unprecedented leftist demonstrations throughout Cambodia, Sihanouk confined his response to verbal warnings. A subsequent outbreak of peasant dissidence in western Cambodia, however, and the sudden disappearance of two leading leftists under mysterious circumstances clearly signaled a serious threat to Sihanouk's effort to preserve a balance between Cambodia's left and right. In late April, Sihanouk dismissed the Lon Nol government and replaced it with one which had some leftist representation.

At the same time, Sihanouk made it clear that further leftist agitation would be met with more forceful measures. He launched his sharpest attack in the current campaign against the leftists in a speech on 9 May, charging that their activities were foreign inspired and threatened the stability of the nation. He singled out the Chinese community as a center of subversion

and warned that "Red Guard" activity would not be permitted in Cambodia.

Two leading Chinese businessmen who had close ties with the Chinese Communist Embassy were deported to China in mid-May despite Peking's efforts on their behalf. Their deportations were clearly meant as a warning to leftists, in addition to being part of Sihanouk's renewed effort to curtail smuggling to the Viet Cong in South Vietnam. [redacted]

[redacted] more deportations may be in the offing, but it is unlikely that they will result in more than a temporary disruption in smuggling operations.

The future course of Sihanouk's campaign will largely depend on the leftists' response. There are already indications that the leftists in Phnom Penh have drastically curtailed their propaganda activities. If the leftists continue to acquiesce, it is unlikely that Sihanouk will follow the advice of rightists who advocate a major purge.

Although he has charged that the leftists are receiving support from their "masters" abroad he is anxious to avoid significant damage to Cambodia's relations with Peking and Hanoi. [redacted]

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PHILIPPINE GOVERNMENT CONCERNED OVER INCREASED HUK ACTIVITY

The Philippine Government is increasingly concerned about an expansion in the activities of the pro-Communist Huks.

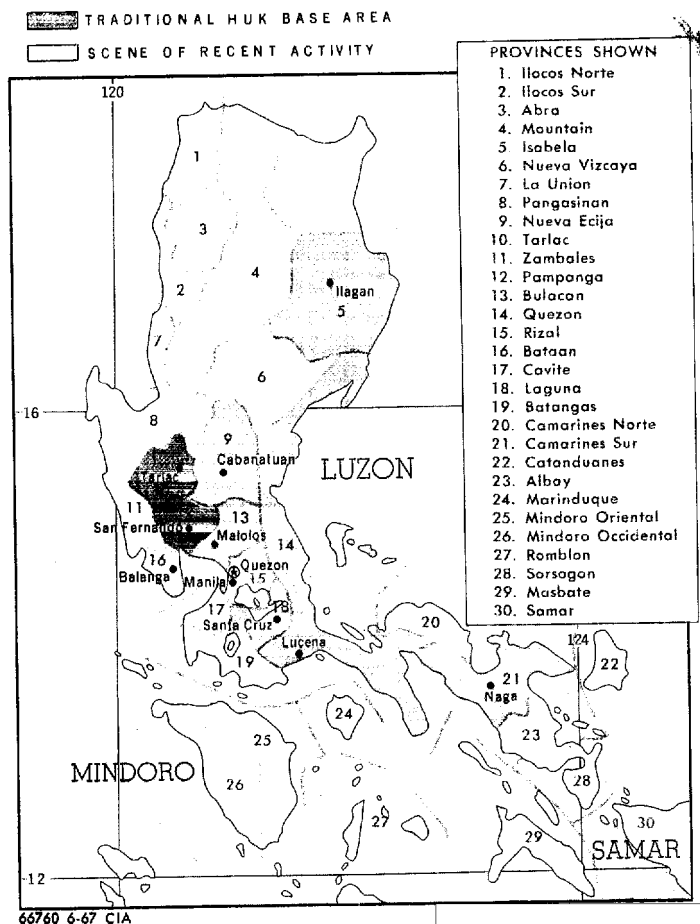
A recent Senate inquiry reflects Manila's growing awareness of the Huks' ability to exploit the widespread disaffection in central Luzon, caused by mass poverty, injustice and maladministration. The Senate's report cited a substantial increase in the number of armed Huks over the past two years to a possible 200-300, plus an additional service support group of 900-1,000 and a mass base of 26,000-29,000 persons who sympathize with or passively accept Huk control. The report noted that the government's failure to implement an effective reform program had caused the farmers to look outside official circles for relief.

Although traditionally based in the provinces of Pampanga and Tarlac, the Huks now appear to be making a concerted effort to expand their influence. Armed groups have been noted in several other provinces of central Luzon on missions to recruit new members, collect "taxes" and supplies, and establish safehavens for their paramilitary bands. The Huks also have frequent contacts with local politicians to prepare strategy for the off-year

congressional elections in November. Their considerable influence has resulted in widespread official connivance in their activities.

Since their defeat in the early 1950s, the Huks have appeared

NORTHERN PHILIPPINES



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more as bandits and extortionists, but now seem again to be coming under the increasing direction and indoctrination of the outlawed Philippine Communist Party (PKP). The extent of PKP control is unclear, but the Huk "Supremo," Pedro Taruc, is a member of a three-man committee which has assumed the duties of the party's imprisoned secretary general, and recently captured documents reveal resumed Communist indoctrination activities among the Huks.

The recent attempts by urban-based pro-Communist front groups to extend their activities into rural Luzon may lead to a greater PKP effort at coordination with the Huks. One of the principal urban leftist leaders, Jose Maria Sison, is currently in Communist China, which recently broadcast the PKP's new four-point program, the first major

indication in several years of outside support for the party.

The government has attempted to respond to the Huk threat on two levels. A Central Luzon Development Program is designed to implement economic and social advancement, but has so far shown little progress. The Philippine constabulary has recently been conducting a more vigorous campaign against the armed Huk bands and is sending civic action teams into the settlements to encourage the farmers to support government efforts. The result has been more frequent clashes and increased Huk retaliation against suspected government informers, with no noticeable increase in peasant security. The greatest hindrance to the government's efforts continues to be the cooperation of local officials with the Huks, which can be expected to increase as elections grow near.

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EUROPE

Moscow's attention last week was still directed largely at exploiting the opportunities offered by the Arab-Israeli crisis. The Soviets showed no inclination toward entering into serious multilateral discussions for calming the situation. Soviet treatment of the Vietnam situation was routine.

Rumania's party chief Ceausescu visited Hungary last week but brought no change in the cool relations between the two countries. Hungary's Kadar had announced the visit on the day Walter Ulbricht arrived in Budapest to sign the East German - Hungarian mutual defense treaty and thus appeared to be trying to keep open his options on the question of recognizing West Germany--a move Rumania made in January.

The chilly communiqué issued by Kadar and Ceausescu, however, striking for its brevity and lack of the usual cliches, suggested that the two chiefs had been unable to agree on anything. Rumania's stridently independent stand in the Communist world and its "Rumanianization" policy toward the sizable Hungarian minority in Transylvania apparently prevented any chance of successful talks. Bucharest may again find itself confronted with renewed agitation among its Hungarian minority by "outside forces."

The meeting in Rome this week of the leaders of the Common Market states was no diplomatic triumph for De Gaulle. The French were pressed hard for an early response to Britain's bid to join, and the issue is now on the agenda of the EEC Council meeting of 6 June.

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CONFORMITY CARRIES THE DAY AT USSR WRITERS' CONGRESS

The USSR's long-awaited, carefully prepared Fourth Writers' Congress closed last weekend with conservative forces in full charge. The liberal elements, who favor greater freedom of expression were maneuvered into a defensive position, and were hardly heard at all.

The only break in the steady drone at the congress came from the orthodox side when Nobel Prize winner Mikhail Sholokhov complained that the conservative cause was not being pushed vigorously enough and charged that the "appeasement" atmosphere was putting delegates to sleep. Sholokhov also scored Svetlana Stalina's decision to leave the USSR, referring to her as the "defector Alliluyeva." The national press has since expanded the attack on her, and it thus appears that after three months of official silence, the character assassination of Svetlana has begun.

The congress revised the charter of the Writers' Union to underscore its political-ideological function, tightened admission requirements, and provided for official reprimands for any member whose work overstepped the bounds of the charter. Novelist Konstantin Fedin, a relatively passive head of the Writers' Union since 1959, was re-elected as the least offensive candidate available.

There were reports of sub-surface ferment at the congress,

however, and several prominent liberals are said to have circulated letters of dissent. The most controversial was reportedly from novelist Konstantin Paustovsky whose article in Literary Gazette during the 1959 Congress was a forceful defense of the liberal position. Another letter, from novelist Aleksandr Solzhenitsyn, reportedly told of persecution at the hands of the regime and appealed to the Writers' Union to safeguard writers' rights. In contrast to the 1954 and 1959 congresses, however, the liberals' case was not presented publicly.

With the exception of Sholokhov's philippic, the over-all tone of the congress epitomized the regime's whole cultural policy--conformity without scandal. Khrushchev's stop-and-go liberalization led to the publication of nonconformist works which then had to be criticized publicly. Tighter prepublication controls during the past two years have come close to shutting off the flow of such works. So long as these controls are effective, the regime can afford a gesture to the liberals here and there. At the congress this amounted to a moment of silence for Writers' Union members who had died since the last congress--among them Boris Pasternak--and the election of liberals Aleksandr Tvardovsky and Andrey Voznesensky to a governing board otherwise heavily weighted with conservatives.

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THE ROME SUMMIT

The meeting in Rome this week of the leaders of the six EEC countries left no doubt that De Gaulle will use delaying tactics to keep Britain out of the community as long as possible. Faced with clear indications during the meeting that the others want the British in, however, De Gaulle acquiesced to examination of the issue at next week's meeting in Brussels of the EEC Council.

How the issue will be approached in Brussels remains uncertain. The Five want to get agreement on an early start of negotiations with London, and need initially a decision on how to reply to the British application under the Rome Treaty's Article 237--procedures for accession to full membership. In order to counter a possible move by De Gaulle to offer an "interim" associate status for the UK, London again advised the Five before the summit session that such a prospect held no interest for the UK Government.

At Rome, De Gaulle apparently insisted on the need for "taking time" to study the effects on the community of UK entry. Article 237 calls on the Council to "take the opinion of the Commission" before de-

ciding by a unanimous vote on a membership request. Paris seems to interpret this provision as requiring that the Council receive the Commission's advice before negotiations with a prospective new member begin. The French, moreover, raised doubts whether the present Commission--which will be replaced on 1 July by a new Commission merging the EEC Commission with the executives of EURATOM and the Coal-Steel Community--should be entrusted with this task. The new Commission will need time, they say, to re-apportion work and to reorganize before it can examine the British question.

These arguments are unlikely to impress the Five, but it is uncertain how far they are prepared to go in trying to force a decision now. Belgium, the Netherlands, and Italy all strongly reiterated in Rome their commitment to early negotiations. Earlier, the Germans had told the British of their strong desire for beginning negotiations soon. Although Bonn may still be inclined to find a "middle ground" between the French and, for example, the Dutch, the Kiesinger government is increasingly sensitive to charges that it has been overly deferential to Paris and "lukewarm" toward London. Foreign Minister Brandt, Finance Minister

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Strauss, and Economic Minister Schiller have all recently supported British membership in strong terms.

The question of a successor to EEC President Hallstein is still undecided. The Six agreed in Rome that the new Commission should become operative on 1 July, but apparently did not reach a final verdict on its membership. Jean Rey, an EEC vice president and the community's negotiator in the Kennedy Round, reportedly has the edge for the chairmanship if no suitable Italian candidate can be found.

The heavy focus on the British question at Rome seems to have

delayed any decisive move toward instituting Gaullist style political consultations among the Six. The foreign ministers were directed only to examine the problem. The Six are reported also to have discussed the Middle East crisis. The Suez crisis in 1956--which demonstrated the incapacity of the individual European nations to defend their interests--strengthened the supporters of European unity at that time, and the new troubles seem likely to provoke further reflection in Europe both on Europe's continued reliance on US power and on Europe's relative weakness in the absence of political unity.

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MIDDLE EAST - AFRICA

Nasir's soaring popularity with the Arab masses outside Egypt was highlighted on 30 May when Jordan's King Husayn, in a reversal forced on him by the rampant pro-Nasirism, signed a mutual defense pact with Egypt. The Egyptian President's ultimate touch was to have among those who witnessed the signing Husayn's archenemy, Ahmad Shukayri, chief of the Palestine Liberation Organization which plans and conducts raids into Israel through Jordan. Both Israel and the Arab states are maintaining a high state of readiness in their military dispositions. Iraq, Kuwait, and other Arab states now have pledged troops, and military circles in North Africa have indicated they would come to Nasir's aid in the event of hostilities.

For the time being, shipping to the Israeli port of Eilat in the Gulf of Aqaba has largely been diverted. Foreign Minister Eban has warned, however, that Israel will act alone to break an Arab blockade if no effective international action is taken soon.

In Greece, the regime has announced the membership of the committee to revise the constitution as promised earlier this month. The committee is to complete its work in six months, but other recent actions by the coup group indicate it intends to maintain control for a considerably longer time. New arrests of both center and conservative former deputies for their "villainous acts" illustrate the coup leaders' determination not "to terminate the life of the revolution before it fulfills its task."

The declaration of independence by Eastern Governor Ojukwu on 30 May signals the end of the Nigerian federation. The head of the federal government has alerted his army, and declared a blockade of the East. He may also support guerrilla activity in the Eastern minority tribal areas, which Ojukwu would have difficulty in containing. [REDACTED]

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THE ARAB-ISRAELI CRISIS

The build-up in Arab support for Nasir's stand on transit through the Gulf of Aqaba and the pressures within Israel for a cabinet reshuffle in favor of the hawks add new dimensions to the Arab-Israeli confrontation.

Jordan's King Husayn, apparently to buy political and military insurance, signed a five-year mutual defense pact with President Nasir in Cairo on 30 May. The Egyptians capped the signing ceremony by including Husayn's archenemy, Ahmad Shukayri, chief of the Palestine Liberation Organization (PLO). The PLO is mostly responsible for the terrorist raids into Israel through Jordan--raids which Husayn had for some time tried to restrain. The pact, couched in general terms similar to those of the November 1966 Syrian-Egyptian agreement, includes a provision that "in the event of the beginning of military operations, the chief of staff of the UAR armed forces shall assume command of operations in both states."

The defense pact places on the Nasir bandwagon practically all Arab leaders except King Faysal of Saudi Arabia.

Nasir has indicated that he is prepared to make peace with Faysal and will send him a letter to that effect via Husayn. Husayn has apparently asked Faysal to visit Amman for talks on the current crisis. Saudi Arabia has mobilized its forces. Although this is prob-

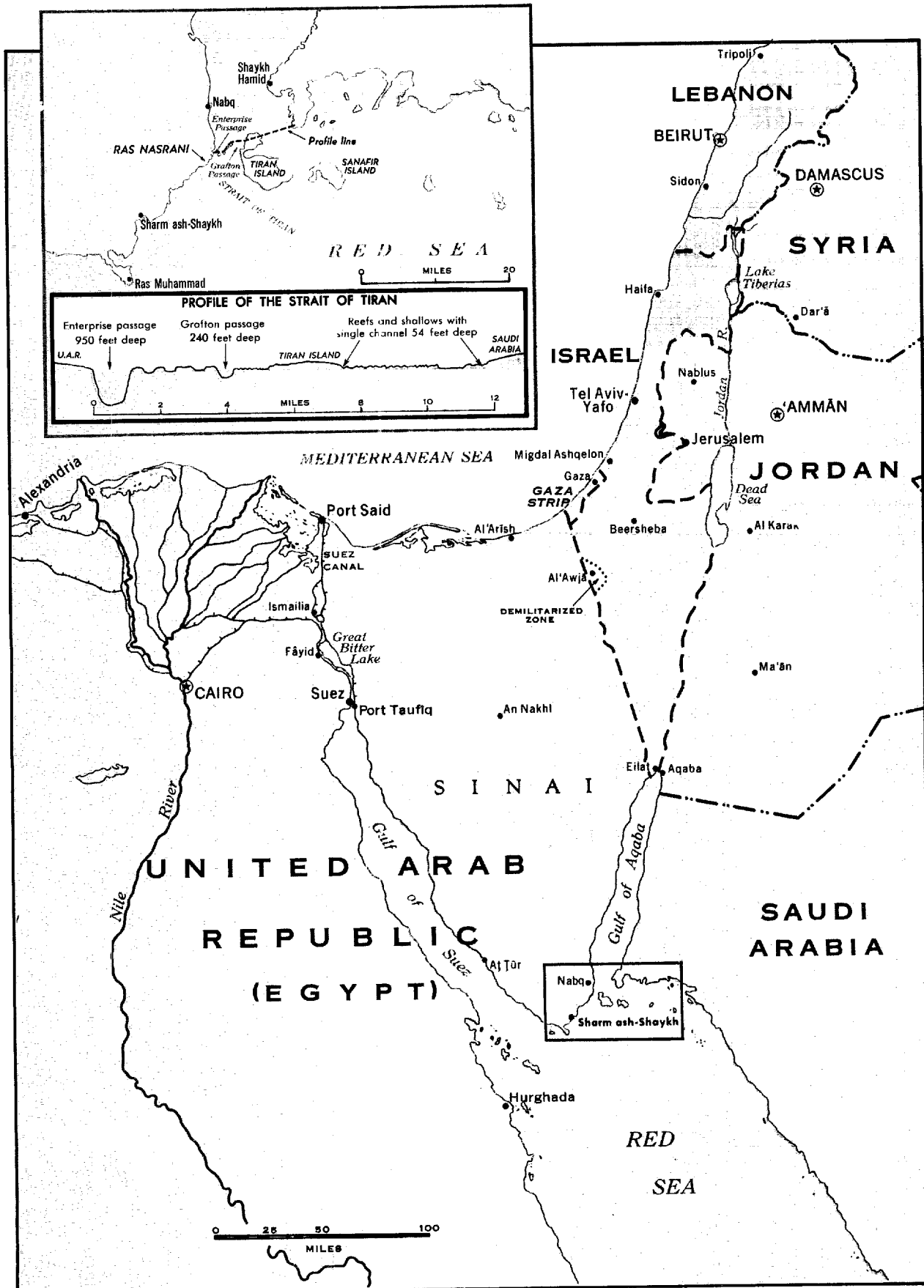
ably only the recall of men on leave, the Saudis cannot afford politically to be too far behind in Nasir's parade.

General Arab mobilization continues, and there have been other Arab political moves to bolster Nasir. Morocco has promised to place troops at Egypt's disposal in the event of war. Cairo now has accepted one Iraqi infantry battalion and announced on 31 May that Kuwaiti troops are already in Egypt.

In the political field, the Iraqi Government has called for a meeting of Arab oil-producing states on 4 June, presumably to set common policy on oil sales. Kuwait has already said that it would take steps against any power committing hostile acts against the Arabs by cutting off oil "until the matter is settled." Kuwait would probably define any attempt by Western maritime powers to force passage of the Strait of Tiran as a hostile act. Other Arab states have threatened to cut off oil supplies to any nation supporting Israel. King Hassan of Morocco has reportedly proposed an urgent Arab summit meeting to decide on joint action in the Middle East.

The proposed Israeli cabinet reshuffle will strengthen the hand of the hawks. Israeli political leaders are considering the appointment of General Moshe Dayan as minister of defense. Dayan, who is regarded as Israel's most illustrious

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soldier, commanded the nation's forces during the 1956 Sinai campaign against Egypt. His appointment would strengthen the position of government activists who have been pressing Prime Minister Eshkol--who has kept the defense portfolio for himself--to move against the Egyptian blockade of the Strait of Tiran.

A test of the blockade has been avoided thus far by diverting Israeli-chartered tankers from the port of Eilat. Israel, however, certainly will not wait indefinitely for effective international action, and could decide to force the issue at any time. The US defense attaché believes that Israel's armed forces are ready to move against the Egyptians and are confident they can win, while at least holding their own on the other borders.

The Soviets continue to scorn multilateral talks designed to calm the situation, but they have indicated privately that they are advising the Arabs to act with restraint. Foreign Minister Gromyko told the French ambassador on 29 May that the Soviets were "taking steps" in Damascus and Cairo. Moscow also continues to avoid the adoption of a clear stand on the specific question of passage through the Tiran Strait, despite its continued public support of the Arabs' general position vis-a-vis Israel.

The Soviets are expected to make the most of current naval deployments in the Mediterranean to demonstrate their support of the Arabs. Soviet units now in the Mediterranean plus the four destroyers scheduled to enter the area within the next few days will probably participate in an exercise similar to one held a year ago. Some 20 ships will be present, only slightly more than last June.

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Two recent Soviet moves are probably designed to present an ostensible challenge to the US Sixth Fleet. The Soviets are maintaining a moderately higher level of deployments by delaying the return to the Black Sea of five antisubmarine escorts which have been in the Mediterranean since late April. Moscow had informed Ankara that these vessels would transit the Bosphorus on 25 May. In addition, the Soviet surface ships have been operating close to US fleet units in the eastern Mediterranean instead of heading for their normal anchorages. Four Soviet diesel submarines thought to be in the Mediterranean are probably also near the US forces.

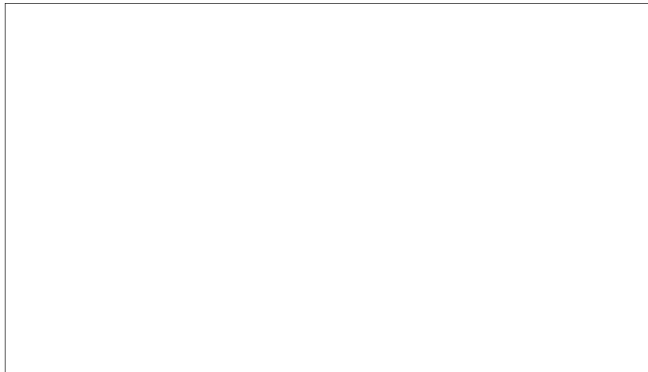
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Egyptian War Minister Shams Badran recently went to Moscow to speed delivery of military equipment already on order and to obtain some additional equipment.

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At the UN, diplomatic activity remains focused almost exclusively on the Middle East crisis. Upon Secretary General Thant's return to New York from Cairo, it had been expected that the Security Council would be called to consider his report. Egypt, however, took the initiative and requested a council meeting to hear its complaints of "Israeli aggression." The ensuing bitter debate, which tended to polarize the positions of East and West, leaves considerable doubt that the council can take any effective action.

The council now has two resolutions before it. A US draft calls on all parties to comply with the secretary general's appeal for a "breathing spell" to permit efforts to achieve a solution through diplomacy. A second resolution, introduced by the Egyptian representative would call on Israel to recognize the Armistice Agreements and to cooperate with the UN Truce Supervision Organization and the Egypt-Israeli Mixed Armistice Commission. If there is any formal resolution at all, it will apparently have to be some blend of the provisions of these two.

If no resolution is adopted, Security Council President Hans Tabor of Denmark will probably attempt to get agreement on a consensus statement--a lowest common denominator. Tabor is playing a cautious role, seeing himself as a possible candidate for the secretary general's special representative in the area should such a course be chosen.

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EASTERN NIGERIA DECLARES INDEPENDENCE

Nigeria's drawn-out political crisis culminated on 30 May in the long-threatened secession of the Eastern Region, a move which now could start a civil war. Lt. Col. Gowon, federal government head, quickly responded by alerting his 9,000-man army, mostly Northerners, and ordering a total blockade of the East.

Eastern Governor Ojukwu's proclamation came just three days after he had been given a mandate by the region's Consultative Assembly to secede when he deemed the time was ripe. The assembly's resolution also held open the door for future loose association with the other regions and with other African countries.

Ojukwu's long-threatened move was triggered by Gowon's declaration of a state of emergency, which he made on 27 May upon hearing of Ojukwu's mandate. At the same time, Gowon also had assumed full executive and legislative powers for himself--an illegal act under his recently decreed constitution--and had created 12 new states out of the existing four regions. Three new states were formed in the East, two of which encompass minority tribal areas that have a long history of opposing Ibo domination and that contain a large portion of the East's vast oil resources. Gowon has already appointed governors for these areas, as well as for the six states he created in the North and for the new enlarged Lagos state.

Western Yoruba leaders are reportedly unhappy that the Lagos

state includes the industrialized area and international airport near Lagos, as well as the territory extending to the Dahomey border. In addition, at least one company is prospecting for oil in offshore waters now apparently no longer part of the West. The Yorubas, long restive under virtual occupation by hated Northern soldiers, may take violent action when they learn that the scheduled removal of Northern troops from Ibadan has been halted.

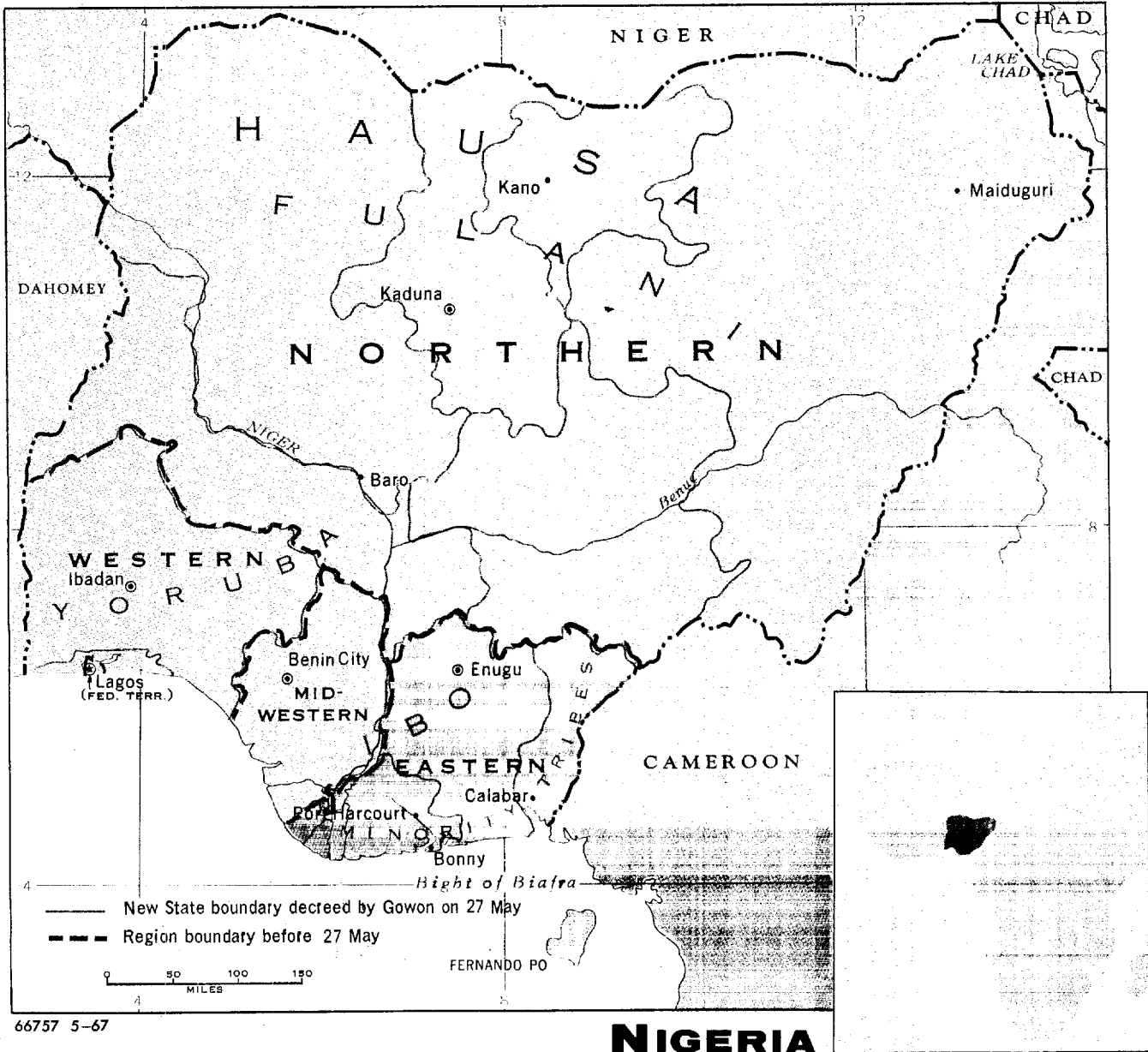
Thus far, Gowon's only direct move to oppose the East's secession has been to reimpose stringent economic sanctions, most of which had been in effect until lifted just over a week ago. He also has reportedly ordered his small navy to blockade Eastern ports. In addition, the military build-up in the North along the border with the East is reportedly continuing. As yet there has been no attack on the East, although Gowon is reportedly planning some sort of military action. This could include support for guerrilla operations by Eastern minority tribes aimed at separating the newly decreed states from Ojukwu's control. Unless Gowon moves decisively against Ojukwu, Ibo-hating Northern soldiers might move on their own. For the present these hard liners are probably waiting--but not for long--to see what Gowon will do. To oppose federal military action the East has about 7,000 men in its army, but is short on experienced infantry.

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The mood in "Biafra"--the name assumed by the newly proclaimed state--is jubilant and there are no apparent signs of opposition in minority areas. Ojukwu faces some serious immediate problems, however. International recognition promises to be slow in coming, primarily because of the general African abhorrence of tribally based political fragmentation. In addition, the

federal blockade may bring on at least some shortages of imported foodstuffs and some loss of revenue from foreign trade. The shortages are not likely to be serious, however, and in time, foreign shippers and the international oil companies will be increasingly inclined to do business with Ojukwu's regime, provided it maintains de facto control.

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SOMALI PRESIDENTIAL ELECTION UPCOMING

While the specific date of Somalia's presidential election is yet to be announced by the National Assembly, it appears likely to be held during the first week in June. The election is the second since independence in 1960 and will be decided by the 123 deputies of the National Assembly. A two thirds majority (82) is required on the first ballot, and a simple majority (62) on any subsequent vote.

Although at first unenthusiastic about continuing in office, incumbent President Aden Abdullah Osman eventually announced his candidacy for a second six-year term. His only declared opponent is former prime minister Abdiras-cid Ali Schermarke, although several government figures have been mentioned as alternates should the assembly fail to decide on either Aden or Abdirascid.

In his six years as head of state, Aden has won the respect of most Somali political leaders and has succeeded in raising the office of president somewhat above partisan politics. He has counseled restraint--often in opposition to Somali public opinion--with regard to Somali irredentist claims in neighboring Ethiopia, Kenya, and French Somaliland.

Abdirascid has been angling for the presidency since Aden dropped him as prime minister in early 1964. He has been actively campaigning in the assembly for

over a month, reportedly passing out funds he has collected from foreign Communist sources. In contrast to Aden, he is more militant in his approach to Somali expansionism. His tenure as prime minister was marked by substantial material support to Somali insurgents in Ethiopia's Ogaden region which led to the 1964 border clashes between the two countries. His acceptance of considerable Soviet military and economic aid had enabled the USSR to maintain substantial influence in Somalia.

Because tribal alliances are a prime factor in the operations of the National Assembly, Aden is considered stronger than Abdirascid or any other potential rival. His own tribal connections and those of his supporters, Prime Minister Abdirazak and several cabinet members and politicians from other tribal groups and political parties, appear to give him the advantage. There also is an indication that the approximately 30 deputies reportedly committed to Abdirascid may be wavering in their support. Since the use of bribery is also an important ingredient of Somali politics, however, the outcome could depend on which candidate has the most funds.

Despite Aden's moderate approach to Somalia's external problems, his victory would not ensure any substantial lessening of tension between Somalia and its neighbors.

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WESTERN HEMISPHERE

Political tensions continue throughout the hemisphere, and riots broke out in the French West Indies island of Guadeloupe last week.

The riots were a spontaneous outgrowth of a month-long strike, and were fueled by economic and racial grievances. Security forces brought the rioters under control on 28 May, but not until at least five persons had been killed and 60 wounded.

The arrest of 16 Haitian military officers, the first cabinet reshuffle since November 1965, and the replacement of a number of President Duvalier's representatives in outlying cities have coincided with the development of a bitter feud in Duvalier's own family that could have severe political consequences.

Border clashes on 29 and 30 May between Honduran and Salvadoran troops resulted in several casualties on both sides. A bilateral commission is investigating the incidents, and no break in relations is expected.

A budding political crisis in Peru was averted when an eleventh-hour compromise postponed a major confrontation between the Belaunde administration and the opposition-controlled Congress over how to handle the serious fiscal situation. In neighboring Ecuador, the turbulent political scene will change only slightly as a result of the constituent assembly's completion of the new constitution--the country's 17th since 1830.

Meanwhile, student unrest persists in Brazil. President Costa e Silva and Education Minister Dutra are convinced that the students are deliberately seeking an opportunity to test the strength of the new government.

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POLITICAL TENSION MOUNTS IN HAITI

A recent series of military and government shake-ups in Haiti is the latest indication that President Duvalier's power base has undergone considerable erosion during the last year. Ambassador Timmons predicts that "the final act in this drama could come at any time."

At least 16 military officers were arrested in late May. Some of them had held important posts in the elite Presidential Guard, and many had ties with Duvalier's ambitious son-in-law Colonel Max Dominique.

Dominique has protested by submitting his resignation, but the President is not known to have accepted or rejected it.

In addition to the military shake-ups, Duvalier reshuffled his cabinet last week, for the first time since November 1965, and replaced a number of national representatives and municipal authorities in outlying cities. This flurry of activity coincides with a time of increasing finan-

cial hardship and international isolation for the Duvalier regime.

Last fall Duvalier foiled an incipient conspiracy by announcing the "retirement" of five General Staff officers and the dismissal from service of at least 15 others. This development came hard on the heels of rare antigovernment demonstrations and protests in several outlying towns.

The over-all situation is further complicated by a bitter feud in Duvalier's family. Part of the problem involves a dispute between Max Dominique and Duvalier's other son-in-law, Director of Tourism Luc Foucard. In addition, Dominique's wife is reportedly so upset over the attentions Duvalier has been paying to his mistress that she has urged her husband to "take action" against Duvalier. These developments have probably raised Duvalier's suspicions about the possibility of a palace intrigue involving members of his own family.

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ECUADOR PROMULGATES NEW CONSTITUTION

After nearly seven months of deliberation, Ecuador's 79-man constituent assembly has completed work on the country's new constitution--its 17th since 1830. Interim President Otto Arosemena formally promulgated the document on 29 May.

In general, the new constitution appears to be an improvement over the last one in terms of political reality and social justice. It includes provision for a bicameral legislature of 54 senators and 65 deputies; for "permanence" of this constitution regardless of possible interruption of constitutional rule; and for congressional power to interpret and amend the constitution.

The president of the republic is to be elected on the first Sunday of June every four years. Former presidents are eligible for re-election, but a president cannot succeed himself. Otto Arosemena's eligibility, however, is open for interpretation since he was elected indirectly by the assembly. Arosemena says that he cannot be a candidate for president in the June 1968 general elections, but constitutional lawyers have pointed

out that he would be eligible if he resigned six months before the election date.

The constituent assembly will dissolve itself within the next two weeks now that its primary task is completed. It will reconvene in November as an extraordinary congress, however, to approve the 1968 budget and revised electoral law. The demise of the assembly, which had also been acting as a unicameral legislature, will deprive opportunistic politicians of a ready forum for their views, but it will also mean that Arosemena's government will bear the full brunt of popular discontent. Heretofore, some of the dissatisfaction was channeled to the assembly.

Arosemena is expected to make some changes in his cabinet once the assembly adjourns.

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Some new ministers, including the foreign minister, will probably be appointed, but most of the incumbents will probably stay on.

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BRAZILIAN GOVERNMENT-STUDENT RELATIONS REMAIN TOUCHY

The Brazilian Government has thus far failed to find any effective means for coping with persistent student unrest. Continued antiregime protests in the universities and secondary schools seem likely.

Demonstrations have occurred in most major cities. In Rio de Janeiro and Recife last week student agitators were able--to some degree--to turn protests over legitimate grievances into displays of antigovernment, anti-US sentiment. Although security forces exercised considerable restraint, a few injuries resulted and were exploited by the press and some opposition politicians.

President Costa e Silva and Education Minister Dutra reportedly are convinced that students are merely testing the new government. They do not want to hand the students a potentially explosive issue by adopting strong measures. Dutra hopes the state governments will be able to handle student problems and prefers to reserve federal intervention as a last resort. Top military leaders reportedly opposed this policy, however, and have counseled the President to issue a strict decree governing student demonstrations and strikes. They urge the use of federal police or, if necessary, troops to enforce the decree. Security officials fear that a permissive policy will only

encourage increasingly radical demonstrations and could eventually cause the government to react with undue force.

Government bids to establish a dialogue with the students have failed dismally. The National Students' Directory (DNE) which was organized under former President Castello Branco, was so unpopular that it was abolished in February 1967. Recently, the Education Ministry clandestinely financed a regional student seminar under the direction of student leaders who were active in the DNE. The government hoped that the seminar would launch a new student organization representing the "democratic" student movement. Word of the government's backing leaked out, however, and many students boycotted the meetings or walked out before the seminar ended.

Most Brazilian students consider the DNE and its leaders government "stooges" and continue to support the extremist-dominated National Students Union, which is still operating, although illegally. The Government's efforts to displace radical student organizations are not likely to be successful unless it demonstrates a willingness to take action to correct student grievances and to accept legitimate student political activity.

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PERUVIAN POLITICAL CRISIS AVERTED

An eleventh-hour compromise has at least temporarily postponed a major confrontation between the Belaunde administration and Peru's oppositon-controlled Congress. The administration has backed away from its demands for new tax authority to deal with a fiscal crisis stemming from declining export revenues, a rapid growth of imports, and a rate of government spending which exceeds the revenues from the narrow Peruvian tax base.

The refusal of the military to be drawn into the executive-legislative struggle and rumors of military concern over the developing political stalemate apparently led the government to accept the opposition alternative proposals for handling the crisis. These proposals included cutting

government expenditures, tightening expenditure controls, and revising import duties. The new agreement shelved plans for a wide range of taxes which would have fallen primarily on the working classes--a major bastion of political strength for the largest opposition party, APRA.

Although it is not yet known whether the agreement will significantly reduce the budget deficit of nearly \$200 million--a threefold increase over 1966--the administration's backdown has calmed political tensions. These may be revived, however, when the executive reports to Congress within 30 days on specific cuts in proposed expenditures for 1967. The fourth special session of Congress begins on 5 June and is expected to last until late July.

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